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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global debt equivalent to 326.5% of GDP at end-September 2024

The Institute of International Finance (IIF) indicated that global debt, which includes the debt of governments, corporates and households, reached $323 trillion (tn) at the end of September 2024, constituting an increase of $20.5tn, or 6.8%, from $302.4tn at the end of September 2023. The debt of advanced economies accounted for 67.5% of the total, while the debt of emerging markets (EM) represented the balance of 32.5%. It noted that the debt reached 326.5% of the weighted average global GDP at the end of September 2024 compared to 326.7% of global GDP at end-September 2023. It added that the debt of advanced economies amounted to $218tn or 375% of GDP, while the debt level of EMs totaled $105tn or 245.4% of GDP at end-September 2024. It pointed out that the aggregate government debt totaled $95.4tn, or 97.5% of global GDP, at the end of September 2024, followed by corporates excluding financial institutions debt with $93.4tn (91.2% of GDP), financial sector indebtedness with $72.5tn (77.1% of GDP), and household debt with $61.6tn (60.7% of GDP). In parallel, it indicated that EM corporate debt ex-financial institutions totaled $40.5tn or 93.5% of GDP at end-September 2024, followed by EM government borrowing at $30.4tn (71.4% of GDP), EM household debt at $20tn (47% of GDP), and financial sector indebtedness at $14.1tn (33.5% of GDP).

Source: Institute of International Finance

GCC

Corporate earnings at $177bn in first 9 months of 2024

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached $176.8bn in the first nine months of 2024, constituting a decrease of 0.5% from $177.6bn in the same period of 2023. The firms' net earnings totaled $56.5bn in the first quarter, $60.9bn in the second quarter and $59.7bn in the third quarter of 2024. Listed companies in Saudi Arabia generated $112.8bn in profits, or 63.8% of total corporate earnings in the GCC in the first nine months of 2024, followed by listed firms in Abu Dhabi with $25.3bn (14.3%), in Dubai with $18bn (10.2%), in Qatar with $10.7bn (6%), in Kuwait with $6.9bn (4%), in Oman with $1.6bn (0.9%), and in Bahrain with $1.5bn (0.8%). Further, the earnings of listed companies in Bahrain grew by 25% in the first nine months of 2024 from the same period in 2023, followed by the profits of listed firms in Dubai (+14.6%), in Abu Dhabi (+9.5%), in Qatar (+6%), and in Kuwait (+4.5%). In contrast, the earnings of listed firms in Saudi Arabia regressed by 5.4%, while the profits of listed companies in Oman were unchanged year-on-year during the covered period. In addition, the profits of listed firms in the GCC energy sector reached $89bn and accounted for 50.4% of total corporate earnings in the first nine months of 2024, followed by the earnings of listed banks with $44.2bn (25%), telecommunication firms with $8.42bn (4.8%), real estate companies with $6bn (3.4%), and materials firms with $5bn (2.8%). Further, the profits of banks increased by 10.8% annually in the first nine months of 2024, while the income of companies in the energy sector fell by 12.8% year-on-year.

Source: KAMCO

MENA

Stock markets down 1% in first 11 months of 2024

Arab stock markets declined by 0.9%, while Gulf Cooperation Council equity markets rose by 6.4% in the first 11 months of 2024, relative to a decline of 0.1% and an increase of 0.5%, respectively, in the same period of 2023. In comparison, global stocks and emerging market equities improved by 18% and 8.8% in the covered period. Activity on the Damascus Securities Exchange, based on the official stock market index, surged by 79.4% in the first 11 months of 2024, the Qatar Stock Exchange increased by 33%, the Casablanca Stock Exchange improved by 22.7%, the Egyptian Exchange rose by 21.5%, the Dubai Financial Market gained 19.4%, the Boursa Kuwait yielded 18.3%. Also, the Iraq Stock Exchange grew by 16.3%, the Tunis Bourse appreciated by 12.7%, the Beirut Stock Exchange rose by 7.6%, the Bahrain Bourse increased by 3.1%, and the Muscat Securities Market advanced by 1.1%. In contrast, the Palestine Exchange dropped by 19.3% in the first 11 months of 2024, the Abu Dhabi Securities Exchange contracted by 3.6%, the Saudi Stock Exchange decreased by 2.7%, and the Amman Stock Exchange regressed by 0.5% in the covered period.

Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

Level of economic, political and legal freedoms varies across Arab countries

The Atlantic Council, a research and advocacy organization, ranked Kuwait in 79th place among 164 countries globally and in first place among 19 Arab countries on its Freedom Index for 2024. Jordan followed in 88th place, then Morocco (96th), Tunisia (97th) and the UAE (111th), as the five countries with the highest level of economic, political and legal freedoms in the Arab world; while Libya (156th), Yemen (159th), Syria (160th), and Sudan (161st) have the lowest level of such freedoms regionally. The index measures the evolution of economic, political and legal freedoms in a country. The organization compiles the index from 13 indicators that are grouped in three sub-indicators, which are the Economic, Political and Legal sub-indices. A country's score on the index ranges from zero to 100 points, with a score of 100 points reflecting the highest level of freedom. The average score for Arab countries stood at 47.9 points relative to 45 points in the 2023 survey. Also, the average score of Gulf Cooperation Council (GCC) countries was 53 points, while the average of non-GCC Arab countries stood at 45.6 points. The region's average score came lower than the global average score of 63.8 points, as well as the average scores of North America (87.7 points), Europe (78.4 points), Latin America & the Caribbean (66.4 points), East Asia & the Pacific region (66 points), Sub-Saharan Africa (56.5 points), and South & Central Asia (49.5 points). Further, the rankings of eight Arab countries improved, the position of eight economies deteriorated, and the ranking of three countries remained unchanged from the preceding survey; while the scores of 17 countries increased and those of two Arab economies decreased. Also, the survey classified 11 Arab country in the "Lowest Freedom" category, placed seven economies in the "Low Freedom" segment, and classified one country in the "Moderate Freedom" category.

Source: Atlantic Council, Byblos Research

OUTLOOK

WORLD

Insurance sector outlook contingent on global economic developments

Global reinsurer Swiss Re projected the global economy to grow by 2.2% in 2025 and 2.1% in 2026, and expected inflation rates around the world at 2.5% in 2025 and 2.4% in 2026. It considered that the global economy is facing a benign outlook of steady economic growth, but noted that risks are tilted to the downside, given escalating geopolitical tensions and the potential for policy mistakes by central banks, which could significantly impact the insurance and reinsurance industry. As such, it considered three alternative scenarios.

First, under its "renewed supply shocks" scenario, which consists of an escalation of geopolitical tensions, it forecast global real GDP to contract by 0.1% in 2025 and to grow by 0.5% in 2026. It also forecast the global inflation rates at 5.7% in 2025 and 4% in 2026, and expected tighter global financial conditions and monetary policy to persist. It indicated that the reacceleration of inflation rates globally would impact the underwriting performance of the non-life insurance segment. It added that supply chain disruptions would increase non-life claims and erode real premium growth, while higher interest rates may increase the risks that insured individuals may miss premium payments in the life segment.

Second, under its "global recession" scenario, which consists of a sharp contraction in economic activity and the abrupt tightening of financial conditions, it projected global economic activity to shrink by 1% next year and to grow by 0.6% in 2026, and forecast the inflation rate at 1.8% in 2025 and 0.5% in 2026. As such, it anticipated a widespread decline in demand for insurance, amid falling incomes, rising unemployment rates worldwide and contracting economic activity, which will severely affect nominal premium growth in the life and non-life insurance segments. Third, under its "productivity revival" scenario, which involves higher capital investments, and benign inflation and fincancial conditions, it forecast global real GDP growth rates at 3.2% in 2025 and 2.7% in 2026, and for the inflation rate to increase by 2.8% in 2025 and 2.4% in 2026, which would support demand for life and non-life products.
Source: Swiss Re

SAUDI ARABIA

Real non-oil GDP growth to average 4.5% in 2024-25 period on favorable business environment

The Institute of International Finance projected Saudi Arabia's real GDP growth rate to accelerate from 1.1% in 2024 to 4.8% in 2025 relative to average growth rates of 0.9% and 4.4% in the Gulf Cooperation Council (GCC) economies, supported by the potential phasing out of oil production cuts, as well as the implementation of large infrastructure projects that the Public Investment Fund and the National Development Fund are financing. It expected the Kingdom's oil production to increase by 8.4% in 2025 compared to a cumulative decline of 14.6% in the 2023-24 period. Also, it forecast the real non-hydrocarbon growth rate at 4.4% in 2024 and 4.6% in 2025, driven by private consumption and investments in the Kingdom, compared to non-hydrocarbon growth rates of 3.8% in 2024 and 4% in the GCC next year.

In addition, it projected the fiscal deficit to narrow from 3.1% of GDP in 2024 to 2.1% of GDP in 2025, relative to an aggregate fiscal surplus of 0.1% of GDP for GCC governments in each of 2024 and 2025. It expected public spending to decrease by 2% and the volume of oil exports to rise by 8%. Also, it anticipated the fiscal breakeven oil price to decline from $89 per barrel (p/b) in 2024 to $80 p/b in 2025 due to higher oil export receipts and restrained government spending. Moreover, it considered that the Kingdom can easily cope with oil prices at around $70 p/b due to its low public debt level and ample financial buffers.

Further, it forecast the current account balance to shift from a small surplus of 0.1% of GDP in 2024 to a deficit of 1.5% of GDP in 2025, compared to an aggregate surplus of 4.4% of GDP this year and 1.9% of GDP in 2025 for GCC economies. It noted that resident capital outflows are decelerating, but added that they may still exceed non-resident capital inflows in the near term. Also, it expected non-resident capital inflows at $70bn in 2025, driven by a sizeable increase in debt portfolio. In addition, it said that the authorities have made considerable progress in improving the Kingdom's business environment, including the easing of online licensing and the 100% foreign ownership in most sectors.
Source: Institute of International Finance

EGYPT

Economic outlook facing challenging environment

Deutsche Bank projected Egypt's real GDP growth rate to accelerate from 2.4% in the fiscal year that ended in June 2024 to 3.6% in FY2024/25, driven by the implementation of reforms and by a rebound in private investments and domestic demand. However, it considered that weak manufacturing activity, disruptions to shipping lanes in the Red Sea, fiscal consolidation, and tight monetary policy conditions will likely keep economic growth below its long-term average. Further, it expected the inflation rate to decrease from 28.7% in FY2023/24 to 14.9% in FY2024/25 following the unification of the multiple exchange rates and due to favorable base effects.

In addition, it forecast the fiscal deficit to widen from 4.5% of GDP in FY2023/24 to 6.5% of GDP in FY2024/25 as the impact of the Ras al-Hikma deal decelerates. It expected the fiscal balance to improve in the medium-term, but considered that the fiscal outlook is subject to risks related to the implementation of reforms, such as fiscal consolidation and structural changes under the program with the International Monetary Fund.

Also, it projected the current account deficit to widen from 5.4% of GDP in FY2023/24 to 5.9% of GDP in FY2024/25, driven by a decline in hydrocarbon exports and ongoing disruptions to shipping traffic in the Red Sea. But it expected the increase in remittance inflows and strong tourism receipts, along with a recovery of traffic through the Suez Canal, to support the current account in the medium term. Further, it considered that the authorities will continue the implementation of reforms, such as fiscal consolidation, the clearance of the imports backlog and of external arrears, the privatization of stated-owned enterprises, and the maintenance of a flexible exchange rate regime. It said that macroeconomic risks are balanced in the near-term and include the pace of implementing reforms and high geopolitical tensions.
Source: Deutsche Bank

IRAQ

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Iraq's short- and long-term foreign and local currency issuer default ratings (IDRs) at 'B' and 'B-', respectively, and maintained the 'stable' outlook on the long-term IDRs. It indicated that the ratings are supported by the country's elevated foreign currency reserves, current account surpluses, and its favorable government debt profile. But it noted that the ratings are constrained by the country's high dependence on commodities, elevated political tensions, and weak governance. It added that the slow pace of structural, economic and fiscal reforms are weighing on the ratings. In addition, it expected Iraq's oil production to increase to 4.28 million barrels/day (b/d) in 2025 and 4.54 million b/d by 2026, as the authorities gradually phase out production cuts to meet higher spending needs. Also, it forecast the fiscal deficit to widen from 8% of GDP in 2024 to an average of 12.4% in the 2025-26 period, and for the government debt to increase from 47.7% of GDP by end-2024 to 56.5% of GDP by 2026, as the government increases borrowing to finance wider deficits. Further, it forecast foreign-currency reserves to remain elevated at around 16.7 months of current external payments, which would provide substantial financial buffers. In parallel, the agency said that it could downgrade the ratings if external and fiscal finances deteriorate significantly and/or if the country's security worsens, which could affect oil production and exports. In contrast, it noted that it could upgrade the ratings if a sustained period of high oil prices leads to a downward trajectory of the government’s debt level and further increases its foreign assets, and/or in case non-oil economic activity expands.

Source: Fitch Ratings

ANGOLA

Outlook on sovereign ratings revised to 'stable' on slow pace of fiscal consolidation

Moody's Ratings affirmed Angola's long-term foreign and local currency issuer ratings at 'B3', six notches below investment grade, and revised the outlook on the long-term ratings from 'positive' to 'stable'. Also, it affirmed the local and foreign currency country ceiling at 'B1' and 'B3', respectively. It attributed the change in outlook to its expectation of a slower-than-anticipated pace of fiscal consolidation and to elevated risks of the increase in the debt burden and of debt servicing costs. It said that the country’s ratings reflect its undiversified economy, and its significant reliance on the oil sector for government revenues and export earnings. It noted that the ratings are constrained by high income inequality, weak institutional framework, diminished debt affordability, and an elevated public debt burden. In contrast, it said that these constraints are balanced by medium-term favorable growth prospects in the non-oil sector, higher spending on infrastructure projects, and elevated oil production. It added that Angola benefits from a significant current account surplus and solid levels of foreign currency reserves, which limit external vulnerability risks. It said that it could upgrade the ratings if fiscal metrics significantly improve, if liquidity and funding risks recede, and/or if the government strenghtens its balance sheet. It added that it could downgrade the ratings if fiscal metrics deteriorate significantly, which will raise liquidity risks, and/or if the economic and institutional framework deteriorates.

Source: Moody's Ratings

BAHRAIN

Economy to grow by 3% annually in medium term

The International Monetary Fund projected Bahrain's real GDP growth rate at 3% in 2024 and 3.5% in 2025, driven by the completion of oil refinery upgrades in the manufacturing sector and a pick-up in private sector lending, which will support private investments. Also, it forecast economic activity to grow by an annual average rate of 3% in the medium term, supported by a rebound in the non-hydrocarbon sector activity, which is expected to account for 90% of the economy by 2029. Also, it projected non-hydrocarbon GDP growth to reach 3.7% this year and 4.1% next year. In parallel, it projected the fiscal deficit to narrow from 7.9% of GDP in 2024 to 7.4% of GDP in 2025, and expected hydrocarbon revenues to decrease from 11.6% of GDP in 2024 to 10.3% of GDP in 2025. It called on the authorities to increase non-hydrocarbon revenues through broadening the value-added tax base and the introduction of a corporate income tax, to reduce extra budgetary spending, to reform energy subsidies, and to raise public investments. It anticipated the government's gross debt level to increase from 125% of GDP in 2024 to 128% of GDP in 2025. Also, it projected the current account balance to post surpluses of 6% of GDP in 2024 and 5.1% of GDP in 2025. It expected foreign currency reserves to reach $5.1bn or 2.3 months of import in 2024, and $7.2bn or 3.1 months of imports in 2025. It stressed the need for a fiscal adjustment plan, along with sustained structural reforms, in order to reduce external vulnerabilities and maintain financial stability. It considered that the key downside risks to the outlook include the potential escalation and expansion of regional conflicts and commodity price volatility.

Source: International Monetary Fund

ETHIOPIA

Economic growth prospects to improve in near term

The International Monetary Fund (IMF) expected Ethiopia's economic growth prospects to improve in the near term, due to macroeconomic stability, supported by prudent fiscal policy and a limited impact on inflation from the adoption of a floating exchange rate regime. It said that the execution of the supplementary budget that the Council of Ministers recently approved will help ease tight liquidity conditions and keep fiscal targets in line with the objectives of the IMF program. Further, it stressed the importance to maintain tight monetary and financial conditions during the transition to an interest rate-based monetary policy, in order to ensure progress towards low and stable inflation rates in the medium term. Also, it indicated that the authorities' economic reforms program, which includes the transition to a market-determined exchange rate, continues to advance well. It noted that the easing of foreign currency shortages, increased activity in the nascent interbank foreign exchange market and the successful launch of a domestic interbank money market, supported the recent progress in the implementation of reforms. It noted that the spreads between the official and parallel market exchange rates have narrowed to less than 10% after widening briefly in October. Also, it said that it reached a Staff-Level Agreement with the Ethiopian authorities on the second review of the country's economic program under the Extended Credit Facility arrangement.

Source: International Monetary Fund

WORLD

Three out of four banks have investment grade rating at end-October 2024

Moody's Ratings indicated that 657 out of the 873 banks that it rates globally, or 75% of the total, had an investment grade rating at the end of October 2024, while 25%, or 216 issuers, had a speculative grade rating. It said that 130 banks were in the 'A1'-rated category at the end of October 2024, 115 issuers stood in the 'A2' segment, 96 banks came in the 'Baa1' bracket, 81 issuers stood in the 'A3' category, 60 banks were in the 'Aa3' segment, 57 stood in the 'Baa2' bracket, 54 banks came in the 'Baa3' category, 43 issuers stood in the 'Aa2' segment, and 38 banks were in the 'Ba1' bracket. Also, it indicated that 37 issuers stood in the 'Ba3' category, 31 banks came in the 'B1' segment, 26 issuers stood in the 'Ba2' bracket, 23 issuers stood in the 'B3' category, 21 banks were in the 'Caa1' segment, 18 issuers stood in the 'Aa1' bracket, 15 banks came in the 'B2' category, 14 issuers were in the 'Caa3' segment, 11 issuers stood in the 'caa2' category, and three banks were in the 'Aaa' segment. In parallel, it noted that it had 626 'stable' outlooks, 145 'positive' outlooks, 86 'negative' outlooks, and 16 'ratings under review' on the long-term ratings of the banks at end-October 2024. It pointed out that 105 banks in Europe, the Middle East and Africa (EMEA) region, 21 issuers in Latin America, 14 banks in Asia Pacific region (APAC), and five issuers in North America carried a 'positive' outlook on their ratings at the end of October 2024; while 310 banks in the EMEA, 201 issuers in the APAC region, 59 banks in North America, and 56 issuers in Latin America had a 'stable' outlook on their ratings. In addition, it noted that 35 banks in the EMEA region, 22 issuers in North America, 21 banks in APAC, and eight banks in Latin America carried a 'negative' outlook on their ratings.

Source: Moody's Ratings

SAUDI ARABIA

Banks' ratings upgraded on improved operating environment

Moody's Ratings upgraded the long-term deposit ratings of the Saudi National Bank (SNB) and Al Rajhi Bank from 'A1' to 'Aa3', the ratings of Riyad Bank, Saudi Awwal Bank (SAB), Banque Saudi Fransi (BSF), and Arab National Bank (ANB) from 'A2' to 'A1', those of Alinma Bank, Saudi Investment Bank (SIB), Bank AlBilad, and Gulf International Bank (GIB) from 'A3' to 'A2', and the rating of Bank AlJazira from 'Baa1' to 'A3'. It also revised the outlook from 'positive' to 'stable' on the long-term ratings of all the banks, except for Al Rajhi Bank's outlook that it kept at 'stable'. It attributed the upgrades to its similar action on Saudi Arabia's sovereign ratings. It said that the 'stable' outlook reflects its expectations that the banks' credit fundamentals will remain stable in the near term, and noted that the banks benefit from a high probability of government support, in case of need. Further, it upgraded the Baseline Credit Assessments (BCAs) of SNB and SAB from 'baa1' to 'aa3', and the BCA of GIB from 'ba2' to 'ba1', due to positive trends in their solvency indicators. It also affirmed the BCA of Al Rajhi Bank at 'a3', the BCAs of Riyad Bank, BSF and ANB at 'baa1', the BCAs of Alinma Bank, SIB and Bank AlBilad at 'baa2', and the BCA of Bank AlJazira at 'baa3'. It said the improving operating conditions in the Kingdom will support the banks' already resilient financial performance.

Source: Moody's Ratings

UAE

Robust banking sector amid stable operating environment

Fitch Ratings indicated that UAE banks are supported by healthy operating conditions and robust liquidity. It noted that the banks posted an aggregate net income of AED20bn in the third quarter of 2024 compared to profits of AED21bn in the second quarter of the year. It attributed the slight decline in income mainly to an increase in loan impairment charges, which consumed AED2.8bn of pre-impairment operating profits in the third quarter relative to AED1bn in the preceding quarter of 2024. It noted that the banks had AED95bn in impaired loans in the third quarter of 2024, with the ratio of non-performing loans at 4.4% at end-September 2024 relative to 4.5% at end-June 2024, as the stock of impaired loans of most banks were either stable or declined. Also, it said that the sector's average net interest margin remained healthy at 3.1% in the third quarter of 2024. Further, it noted that the banks' cost of risk stood at 50 basis points (bps) in the third quarter of 2024, up from 20 bps in the second quarter, and forecast the sector's average cost of risk at 40 bps to 50bps in 2025 amid a stable operating environment. In parallel, it stated that banks' deposits increased by 3.9% in the third quarter of 2024 compared to a 3.3% growth in lending during the quarter. As such, it noted that the banks' average loans-to-deposits ratio decreased by 40 bps in the covered quarter to 79.2%. In addition, it pointed out that the sector's average return on equity rose from 18.7% in 2023 to 19.5% in the first nine months of 2024 on an annualized basis. It said that the banks' average Common Equity Tier One ratio was 14.5% and that their capital adequacy ratio stood at 17.9% at end-September 2024. But it expected the banks' capital ratios to decrease moderately by end-2024 due to dividend payments.

Source: Fitch Ratings

MOROCCO

Banking sector's risk assessment maintained

S&P Global Ratings maintained Morocco's banking sector in 'Group 7' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '7' and an industry risk score of '6'. The BICRA framework evaluates global banking systems based on economic and industry risks facing the sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 7' consist of Bahrain, Cyprus, Georgia, Guatemala, Jordan, Paraguay, and Thailand. The agency indicated that the economic risk score reflects "very high risks" in terms of economic resilience and credit risk in the economy, as well as "low risks" for the country's economic imbalances. It projected the sector's non-performing loans ratio to regress from 8.4% in 2024 to 7.7% in 2025 and 7.8% in 2026, amid improving economic activity and higher loan volumes. Further, it said that the industry score indicates that the country faces "high risks" in its competitive dynamics and system-wide funding, and "intermediate risks" in its institutional framework. It pointed out that Bank al-Maghrib (BAM) is improving the governance and transparency frameworks of the Moroccan banking system. Further, it indicated that the profitability of Moroccan banks should recover to pre-pandemic levels, with their return on equity increasing from 8% in 2023 to 9.5% by 2026. It noted that the trend for the banking sector's economic and industry risk is 'stable'.

Source: S&P Global Ratings

Oil prices to average $75.3 p/b in fourth quarter of 2024

ICE Brent crude oil front-month prices averaged $80.5 per barrel (p/b) in the first 11 months of 2023, constituting a decrease of 2.6% from an average of $82.6 p/b in the same period of 2022. The decline in oil prices was mainly due to a slowdown in economic activity in major economies that resulted in lower demand for oil and to ample spare capacity in the oil market, despite the extension of oil production cuts by the OPEC+ coalition. Further, oil prices increased from $71.8 p/b on December 2, to $73.6 p/b on December 3, 2024, driven by a higher-than-expected decline in U.S. crude oil inventories. In parallel, Goldman Sachs indicated that easing supply risks from the Middle East, following the ceasefire between Israel and Hezbollah that took effect on November 27, 2024, are putting downward pressure on oil prices as the geopolitical risk premium regressed. Further, it anticipated that the OPEC+ coalition may extend its oil production cuts until April 2025 instead of January 2025, driven by currently lower Brent oil prices and decreasing output from Russia, Kazakhstan, and Iraq, as the countries are adhering to the agreed production limits. Further, it anticipated that potential higher tariffs on Canadian oil exports to the U.S. could reduce oil demand, which will lead to lower prices for Canadian crude oil in the near- to medium term. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 41 industry analysts, to average $75.3 p/b in the fourth quarter of 2024.

Source: Goldman Sachs, Refinitiv, Byblos Research

MENA's crude oil exports down 5.4% in 2024

The International Monetary Fund anticipated crude oil exports from the Middle East & North Africa region to reach 17.6 million barrels per day (b/d) in 2024, which would constitute a decrease of 5.4% from 18.6 million b/d in 2023. The GCC countries' oil exports would account for 64.2% of the region's oil exports this year. On a country basis, it projected Saudi Arabia's crude oil exports at 5.9 million b/d in 2024, or 33.5% of the region's oil exports, followed by Iraq at 3.4 million b/d (19.3%), and the UAE at 2.5 million b/d (14.2%).

Source: International Monetary Fund, Byblos Research

Global steel output up 6% in October 2024

Global steel production reached 152.1 million tons in October 2024, constituting increases of 6% from 143.6 million tons in September 2024 and of 1.4% from 150 million tons in October 2023. Production in China totaled 82 million tons and accounted for 53.8% of global steel output in October 2024, followed by production in India with 12.5 million tons (8.2%), Japan with 6.9 million tons (4.5%), the U.S. with 6.6 million tons (4.3%), Russia with 5.6 million tons (3.7%), and South Korea with 5.4 million tons (3.6%).

Source: World Steel Association, Byblos Research

Iraq's oil exports at 103 million barrels in October 2024

Figures issued by the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 103.15 million barrels in October 2024, constituting an increase of 4% from 99.31 million barrels in September 2024 and a decrease of 6% from 109.56 million barrels in October 2023. Exports from the central and southern fields stood at 102.3 million barrels in October 2024 compared to 99.4 million barrels in September 2024.

Source: Iraq Ministry of Oil, Byblos Research

Base Metals: Aluminum prices to average $2,601 per ton in fourth quarter of 2024

The LME cash price of aluminum averaged $2,410.5 per ton in the first 11 months of 2024, constituting an increase of 6.6% from an average of $2,260.4 a ton in the same period last year, due to increasing global demand for the metal. Further, aluminum prices reached a high of $2,721.1 per ton on May 29, 2024 following the ban from the London Metal Exchange on Russian metal exports, and due to expectations of increased demand for non-ferrous metals due to the energy transition. Prices then decreased to $2,584.6 a ton on December 3, 2024 due to oversupply and weak demand. In parallel, S&P Global Market Intelligence projected the global primary supply of aluminum at 72.4 million tons in 2024, which would constitute an increase of 2.7% from 70.5 million tons in 2023, mainly due to higher production from China and Europe of 43.2 million tons and 7.6 million tons, respectively. Also, it forecast global primary demand for the metal at 72.3 million tons this year, which would represent an increase of 2.7% from 70.4 million tons in 2023. It also expected the global primary supply at 74.05 million tons and the global primary demand at 74.02 million tons in 2025, which will keep the metal's global balance into surplus. However, it considered that the small surplus next year will keep the metal's market vulnerable to disruptions along the supply chain. Also, it anticipated tightness in the market to persist into early 2025, particularly if the bauxite supply disruptions in Guinea and Brazil last longer than expected, which would put pressure on aluminum prices. Also, it forecast aluminum prices to average $2,601 per ton in the fourth quarter of 2024.

Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $1,009 per ounce in fourth quarter of 2024

Platinum prices averaged $957.3 per troy ounce in the first 11 months of 2024, constituting a decrease of 1.1% from an average of $968.3 an ounce in the same period last year due to weaker global industrial demand. Also, platinum prices reached $1,065 an ounce on May 17, 2024, their highest level since May 23, 2023 when they reached $1,066 an ounce. The jump in the metal's price was due to a deeper-than-expected deficit in the platinum market due to lower supply from mines in Russia and South Africa, as well as to the announcement by global mining company Anglo American that it will exit the platinum mining industry. However, prices decreased to a recent low of $931 per ounce on November 27, 2024 due to weak industrial and investment demand. In parallel, the World Platinum Investment Council projected global demand for platinum at 7.95 million ounces in 2024, constituting an increase of 0.4% from 7.92 million ounces in 2023, and to reach 7.86 million ounces in 2025. Moreover, it expected net flows into platinum-backed exchange-traded funds to shift from outflows of 74,000 ounces in 2023 to inflows of 150,000 ounces in 2024 and of 50,000 ounces in 2025. Also, it forecast the global supply of platinum to increase from 7.16 million ounces in 2023 to 7.27 million ounces in 2024 and to 7.32 million ounces in 2025, with mine output representing 78.2% of global refined platinum production in 2024. As such, it forecast the metal's market deficit to narrow from 759,000 ounces in 2023 to 682,000 million ounces in 2024. Further, S&P Global Market Intelligence projected platinum prices to average $1,009 per ounce in the fourth quarter of 2024, with a low of $984 an ounce and a high of $1,100 per ounce in the covered quarter.

Source: World Platinum Investment Council, S&P Global Market Intelligence, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Africa												
Algeria	-	-	-	-								
	-	-	-	-	-3.7	56.9	-	-	-	-	-3.2	0.4
Angola	B-	B3	B-	-								
	Stable	Stable	Stable	-	-1.0	82.4	4.6	53.3	26.9	108.2	2.5	-4.3
Egypt	B-	Caa1	B	B								
	Positive	Positive	Stable	Stable	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	SD	Caa3	CCC-									
	-	Stable	-	-	-2.9	26.2	0.5	33.4	7.8	157.9	-3.4	2.0
Ghana	SD	Ca	RD	-								
	-	positive	-	-	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB	Ba2	BB-	-								
	Stable	Stable	Stable	-	-4.5	57.7	4.7	47.6	15.7	112.3	-4.4	2.3
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	B3	-	-								
Congo	Stable	Stable	-	-	-2.5	15.0	1.4	5.1	2.0	102.1	-5.6	4.2
Morocco	BB+	Ba1	BB+	-								
	Positive	Stable	Stable	-	-4.1	65.8	4.9	30.4	7.3	94.0	-1.4	0.5
Nigeria	B-	Caa1	B-	-								
	Stable	Positive	Positive	-	-4.4	47.4	2.9	41.7	23.3	113.6	0.5	0.1
Sudan	-	-	-	-								
	-	-	-	-	-5.0	91.0	-	-	-	-	-5.0	0.2
Tunisia	-	Caa2	CCC+	-								
	-	Negative	-	-	-5.6	88.7	-	-	26.1	-	-2.7	-1.1
Burkina Faso	CCC+	-	-	-								
	Stable	-	-	-	-5.5	61.8	0.5	64.8	12.3	168.7	-3.6	0.5
Rwanda	B+	B2	B+	-								
	Stable	Stable	Stable	-	-4.8	68.0	3.6	22.5	9.6	111.1	-10.6	3.5
Middle East												
Bahrain	B+	B2	B+	B+								
	Stable	Stable	Stable	Stable	-4.0	120.8	-4.1	148.5	26.5	363.8	3.7	1.0
Iran	-	-	-	-								
	-	-	-	-	-4.2	26.1	-	-	-	-	3.5	-
Iraq	B-	Caa1	B-	-								
	Stable	Stable	Stable	-	-4.5	38.3	20.3	4.0	2.0	33.0	11.5	-1.8
Jordan	BB-	Ba3	BB-	BB-								
	Stable	Stable	Stable	Stable	-1.1	90.6	1.9	69.7	10.9	151.6	-4.6	1.8
Kuwait	A+	A1	AA-	AA-								
	Stable	Stable	Stable	Stable	-2.1	4.7	2.8	41.3	0.4	97.3	19.4	-3.0
Lebanon	SD	C	RD**	-								
	-	-	-	-	-0.2	270.6	9.0	165.9	6.5	151.4	-9.5	0.5
Oman	BBB-	Ba1	BB+	BB+								
	Stable	Positive	Stable	Stable	1.4	34.5	1.8	31.4	8.2	113.0	1.3	2.5
Qatar	AA	Aa2	AA-	AA								
	Stable	Stable	Positive	Stable	4.2	41.7	2.4	125.2	4.2	174.5	15.8	-2.4
Saudi Arabia	A	A1	A+	A+								
	Positive	Positive	Stable	Positive	-2.0	23.0	10.2	23.8	3.4	66.1	1.4	0.1
Syria	-	-	-	-								
	-	-	-	-	-	49.0	-	-	-	-	-15.5	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	Stable	5.5	29.9	-	-	4.3	-	6.8	-2.0
Yemen	-	-	-	-								
	-	-	-	-	-2.7	50.7	-	-	-	-	-19.2	-2.3

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia												
Armenia	BB- Stable	Ba3 Stable	BB- Stable	B+ Positive	-4.3	46.5	2.0	29.8	9.8	114.6	-3.0	2.2
China	A+ Stable	A1 Negative	A+ Stable	- -	-3.0	66.1	10.6	25.8	5.9	64.5	2.3	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-8.0	86.0	6.6	27.5	28.9	87.2	-3.1	1.5
Kazakhstan	BBB- Stable	Baa2 Positive	BBB Stable	- -	-2.7	26.1	4.0	26.6	7.9	99.2	-2.8	2.2
Pakistan	CCC+ Stable	Caa2 Positive	CCC+ -	- -	-7.5	71.3	0.7	34.9	55.9	133.4	-1.3	0.4
Bangladesh	B+ Stable	B2 Negative	B+ Stable	- -	-4.8	34.9	3.8	29.0	27.2	102.8	-1.5	0.4
Central & Eastern Europe												
Bulgaria	BBB Positive	Baa1 Stable	BBB Positive	- -	-2.8	23.8	1.7	19.9	1.7	105.0	-0.2	1.8
Romania	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-5.9	49.0	4.3	25.4	6.4	99.6	-6.9	2.0
Russia	- -	- -	- -	- -	-0.8	19.8	11.6	23.0	3.6	61.1	2.0	-0.6
Türkiye	BB- Stable	B1 Positive	BB- Stable	B+ Stable	-3.6	29.1	1.2	77.3	9.5	166.0	-2.4	1.2
Ukraine	CC Negative	Ca Stable	CC -	- -	-17.0	95.0	4.6	38.1	10.2	105.8	-6.6	1.4

** Current account payments*

***Fitch withdrew the ratings of Lebanon on July 23, 2024*

Source: S&P Global Ratings, Fitch Ratings, Moody's Ratings, CI Ratings, Byblos Research - The above figures are projections for 2024

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Action	Next meeting
USA	Fed Funds Target Rate	4.75	07-Nov-24	Cut 25bps	18-Dec-24
Eurozone	Refi Rate	3.40	17-Oct-24	Cut 25bps	N/A
UK	Bank Rate	4.75	07-Nov-24	Cut 25bps	19-Dec-24
Japan	O/N Call Rate	0.25	31-Oct-24	No change	19-Dec-24
Australia	Cash Rate	4.35	05-Nov-24	No change	10-Dec-24
New Zealand	Cash Rate	4.25	27-Nov-24	Cut 50bps	19-Feb-24
Switzerland	SNB Policy Rate	1.00	26-Sep-24	Cut 25bps	12-Dec-24
Canada	Overnight rate	3.75	23-Oct-24	Cut 50bps	11-Dec-24
Emerging Markets					
China	One-year Loan Prime Rate	3.1	20-Nov-24	No change	20-Dec-24
Hong Kong	Base Rate	5.00	08-Nov-24	Cut 25pbs	N/A
Taiwan	Discount Rate	2.00	19-Sep-24	No change	12-Dec-24
South Korea	Base Rate	3.00	28-Nov-24	Cut 25bps	N/A
Malaysia	O/N Policy Rate	3.00	06-Nov-24	No change	N/A
Thailand	1D Repo	2.25	16-Oct-24	Cut 25bps	18-Dec-24
India	Repo Rate	6.50	09-Oct-24	No change	16-Dec-24
UAE	Base Rate	4.65	07-Nov-24	Cut 25bps	N/A
Saudi Arabia	Repo Rate	5.25	07-Nov-24	Cut 25bps	N/A
Egypt	Overnight Deposit	27.25	21-Nov-24	No change	26-Dec-24
Jordan	CBJ Main Rate	6.75	10-Nov-23	Cut 25bps	N/A
Türkiye	Repo Rate	50.00	21-Nov-24	No change	26-Dec-24
South Africa	Repo Rate	8.00	21-Nov-24	Cut 25bps	N/A
Kenya	Central Bank Rate	12.00	08-Oct-24	Cut 75bps	05-Dec-24
Nigeria	Monetary Policy Rate	27.50	26-Nov-24	Raised 25bps	N/A
Ghana	Prime Rate	27.00	29-Nov-24	No change	27-Jan-25
Angola	Base Rate	19.50	19-Nov-24	No change	N/A
Mexico	Target Rate	10.25	14-Nov-24	Cut 25bps	19-Dec-24
Brazil	Selic Rate	11.25	06-Nov-24	Raised 50bps	N/A
Armenia	Refi Rate	7.25	29-Oct-24	Cut 25bps	10-Dec-24
Romania	Policy Rate	6.50	08-Nov-24	No change	N/A
Bulgaria	Base Interest	3.04	02-Dec-24	Cut 18bps	02-Jan-25
Kazakhstan	Repo Rate	15.25	29-Nov-24	Raised 100bps	N/A
Ukraine	Discount Rate	13.00	31-Oct-24	No change	12-Dec-24
Russia	Refi Rate	21.00	25-Oct-24	Raised 200bps	20-Dec-24

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